

# Senate Study Bill 1144

## Bill Text

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1 1 Section 1. Section [272C.1](#), subsection 6, paragraph z, Code  
1 2 2001, is amended to read as follows:  
1 3 z. The commissioner of insurance in licensing insurance  
1 4

~~agents~~

- ~~producers~~ pursuant to chapter

~~522~~

- ~~522B~~, except those

1 5

~~agents~~

- ~~producers~~ authorized to sell only credit

~~life and~~

1 6

~~credit accident and health~~

- ~~insurance or crop insurance.~~

1 7 Sec. 2. Section [272C.3](#), subsection 2, paragraph a, Code  
1 8 2001, is amended to read as follows:

1 9 a. Revoke a license, or suspend a license either until  
1 10 further order of the board or for a specified period, upon any  
1 11 of the grounds specified in section 147.55, 148.6, 148B.7,  
1 12 152.10, 153.34, 154A.24, 169.13, 542B.21, 542C.21, 543B.29,  
1 13 544A.13, 544B.15, or 602.3203 or chapter 151, 155, 507B<sub>1</sub> or  
1 14

~~522~~

- ~~522B~~, as applicable, or upon any other grounds

1 15 specifically provided for in this chapter for revocation of  
1 16 the license of a licensee subject to the jurisdiction of that  
1 17 board, or upon failure of the licensee to comply with a  
1 18 decision of the board imposing licensee discipline;

1 19 Sec. 3. Section [272C.4](#), subsection 6, Code 2001, is  
1 20 amended to read as follows:

1 21 6. Define by rule acts or omissions which are grounds for  
1 22 revocation or suspension of a license under section 147.55,  
1 23 148.6, 148B.7, 152.10, 153.34, 154A.24, 169.13, 455B.191,  
1 24 542B.21, 542C.21, 543B.29, 544A.13, 544B.15, or 602.3203 or  
1 25 chapter 151, 155, 507B<sub>1</sub> or

~~522~~

- ~~522B~~, as applicable, and to

1 26 define by rule acts or omissions which constitute negligence,  
1 27 careless acts or omissions within the meaning of section  
1 28 272C.3, subsection 2, paragraph "b", which licensees are  
1 29 required to report to the board pursuant to section 272C.9,  
1 30 subsection 2;

1 31 Sec. 4. Section [422.45](#), subsection 27, paragraph d,  
1 32 subparagraph (3), Code 2001, is amended to read as follows:

1 33 (3) "Insurance company" means an insurer organized or  
1 34 operating under chapter 508, 514, 515, 518, 518A, 519, or 520,  
1 35 or authorized to do business in Iowa as an insurer or

~~a~~

-  
2 1

~~licensed insurance agent~~  
- an insurance producer under chapter  
2 2

~~522~~

- 522B.  
2 3 Sec. 5. Section 502.102, subsection 11, paragraph d, Code  
2 4 2001, is amended to read as follows:  
2 5 d. As used in this subsection, "compensation" does not  
2 6 include a commission, fee, or a combination of a commission  
2 7 and a fee, which is paid to an insurance

~~agent~~

- producer  
2 8 licensed under chapter

~~522~~

- 522B, if the insurance

~~agent~~

-  
2 9 producer receives the commission, fee, or the combination of a  
2 10 commission and a fee, for the sale of insurance as regulated  
2 11 pursuant to Title XIII, subtitle 1.

2 12 Sec. 6. Section 502.304, subsection 1, paragraph e, Code  
2 13 2001, is amended to read as follows:

2 14 e. Is the subject of an order of the administrator  
2 15 denying, suspending, or revoking registration as a broker-  
2 16 dealer, agent, investment adviser, investment adviser  
2 17 representative, or insurance

~~agent~~

- producer;

2 18 Sec. 7. Section 508A.5, Code 2001, is amended to read as  
2 19 follows:

2 20 508A.5 OTHER PROVISIONS APPLICABLE.

2 21 Except for section 508.37 and section 509.2, subsection 1,  
2 22 and except as otherwise provided in this chapter, all  
2 23 pertinent provisions of chapters 508, 509, 511, and

~~522~~

- 522B

2 24 shall apply to separate accounts and contracts relating  
2 25 thereto. Any individual variable life insurance contract,  
2 26 delivered or issued for delivery in this state, shall contain  
2 27 nonforfeiture provisions appropriate to such a contract. Any  
2 28 group variable life insurance contract, delivered or issued  
2 29 for delivery in this state, shall contain a grace provision  
2 30 appropriate to such a contract. The reserve liability for  
2 31 variable contracts shall be established in accordance with  
2 32 actuarial procedures that recognize the variable nature of the  
2 33 benefits provided and any mortality guarantees.

2 34 Sec. 8. Section 511.4, Code 2001, is amended to read as  
2 35 follows:

3 1 511.4 ADVERTISEMENTS WHO DEEMED AGENT.

3 2 The provisions of

~~sections 515.122 to 515.126~~

- section

3 3 515.125 shall apply to life insurance companies and  
3 4 associations.

3 5 Sec. 9. Section 515.125, Code 2001, is amended to read as

3 6 follows:  
3 7 515.125

~~AGENT SPECIFIC DEFINITION~~  
~~AGENCY RELATIONSHIP.~~

3 8 Any officer,

~~agent~~

~~insurance producer~~, or representative of  
3 9 an insurance company doing business in this state who may  
3 10 solicit insurance, procure applications, issue policies,  
3 11 adjust losses, or transact the business generally of such  
3 12 companies, shall be held to be the agent of such insurance  
3 13 company with authority to transact all business within the  
3 14 scope of the

~~agent's employment~~

~~agency relationship~~, anything  
3 15 in the application, policy, contract, bylaws, or articles of  
3 16 incorporation of such company to the contrary notwithstanding.  
3 17 Sec. 10. Section [516A.1](#), unnumbered paragraph 2, Code  
3 18 2001, is amended to read as follows:  
3 19 However, the named insured may reject all of such coverage,  
3 20 or reject the uninsured motor vehicle (hit-and-run motor  
3 21 vehicle) coverage, or reject the underinsured motor vehicle  
3 22 coverage, by written rejections signed by the named insured.  
3 23 If rejection is made on a form or document furnished by an  
3 24 insurance company or insurance

~~agent~~

~~producer~~, it shall be on  
3 25 a separate sheet of paper which contains only the rejection  
3 26 and information directly related to it. Such coverage need  
3 27 not be provided in or supplemental to a renewal policy if the  
3 28 named insured has rejected the coverage in connection with a  
3 29 policy previously issued to the named insured by the same  
3 30 insurer.  
3 31 Sec. 11. Section [521A.2](#), subsection 1, paragraph b, Code  
3 32 2001, is amended to read as follows:  
3 33 b. Acting as an insurance

~~broker or as an insurance agent~~

~~producer~~ for its parent or for any of its parent's insurer  
3 35 subsidiaries or intermediate insurer subsidiaries.  
4 1 Sec. 12. Section [522A.3](#), subsection 1, Code 2001, is  
4 2 amended to read as follows:  
4 3 1. Notwithstanding the provisions of chapter

~~522~~

~~522B~~, the

4 4 commissioner may issue a limited license to a rental company  
4 5 that has complied with the requirements of this chapter. The  
4 6 limited license shall authorize the limited licensee to offer  
4 7 or sell insurance with the rental of vehicles.  
4 8 Sec. 13. Section [523H.1](#), subsection 3, paragraph c, Code  
4 9 2001, is amended to read as follows:  
4 10 c. "Franchise" also does not include any contract under  
4 11 which a petroleum retailer or petroleum distributor is  
4 12 authorized or permitted to occupy leased marketing premises,  
4 13 which premises are to be employed in connection with the sale,  
4 14 consignment, or distribution of motor fuel under a trademark  
4 15 which is owned or controlled by a refiner which is regulated  
4 16 by the federal Petroleum Marketing Practices Act, 15 U.S.C. }  
4 17 2801 et seq. The term "refiner" means any person engaged in  
4 18 the refining of crude oil to produce motor fuel, and includes  
4 19 any affiliate of such person. "Franchise" also does not

4 20 include a contract entered into by any person regulated under  
4 21 chapter 123, 322, 322A, 322B, 322C, 322D, 322F,

~~522~~

- 522B, or

4 22 543B, or a contract establishing a franchise relationship with  
4 23 respect to the sale of construction equipment, lawn or garden  
4 24 equipment, or real estate.

4 25 Sec. 14. Section 514B.19, Code 2001, is amended to read as  
4 26 follows:

4 27 514B.19 REGULATION OF

~~AGENTS~~

- INSURANCE PRODUCERS.

4 28 The commissioner may, after notice and hearing, promulgate  
4 29 such reasonable rules under the provisions of chapter

~~522~~

- 522B

4 30 that are necessary to provide for the licensing of

~~agents~~

-  
4 31 insurance producers who engage in solicitation or enrollment  
4 32 for a health maintenance organization.

4 33 Sec. 15. NEW SECTION. 522B.1 DEFINITIONS.

4 34 As used in this chapter, unless the context otherwise  
4 35 requires:

5 1 1. "Business entity" means a corporation, association,  
5 2 partnership, limited liability company, limited liability  
5 3 partnership, or other legal entity.

5 4 2. "Commissioner" means the commissioner of insurance.

5 5 3. "Home state" means the District of Columbia and any  
5 6 state or territory of the United States in which an insurance  
5 7 producer maintains the producer's principal place of residence  
5 8 or principal place of business and is licensed to act as an  
5 9 insurance producer.

5 10 4. "Insurance" means any of the lines of authority an  
5 11 insurer is authorized to sell in this state.

5 12 5. "Insurance producer" means a person required to be  
5 13 licensed under the laws of this state to sell, solicit, or  
5 14 negotiate insurance.

5 15 6. "Insurer" means a person engaged in the business of  
5 16 insurance who is licensed under chapter 508, 512B, 515, or  
5 17 520.

5 18 7. "License" means a document issued pursuant to this  
5 19 chapter by the commissioner authorizing a person to act as an  
5 20 insurance producer for the lines of authority specified in the  
5 21 document. A license by itself does not create any authority,  
5 22 actual, apparent, or inherent, in the holder to represent or  
5 23 commit an insurer.

5 24 8. "Limited lines insurance" means any authority granted  
5 25 by the home state which restricts the authority of the license  
5 26 to less than the total authority prescribed in the associated  
5 27 major lines pursuant to section 522B.6, subsection 2,  
5 28 paragraphs "a" through "f", and any other line of insurance  
5 29 that the commissioner may deem it necessary to recognize for  
5 30 the purposes of complying with section 522B.7, subsection 4.

5 31 9. "Limited lines producer" means a person authorized by  
5 32 the commissioner to sell, solicit, or negotiate limited lines  
5 33 insurance.

5 34 10. "Negotiate" means the act of conferring directly with  
5 35 or offering advice directly to a purchaser or prospective  
6 1 purchaser of a particular contract of insurance concerning any  
6 2 of the substantive benefits, terms, or conditions of the  
6 3 contract, provided that the person engaged in that act either  
6 4 sells insurance or obtains insurance from insurers for

6 5 purchasers.

6 6 11. "Person" means an individual or a business entity.

6 7 12. "Producer database" means the national database of  
6 8 insurance producers maintained by the national association of  
6 9 insurance commissioners, its affiliates, or subsidiaries.

6 10 13. "Sell" means to exchange a contract of insurance by  
6 11 any means, for money or its equivalent, on behalf of an  
6 12 insurer.

6 13 14. "Solicit" or "solicitation" means attempting to sell  
6 14 insurance or asking or urging a person to apply for a  
6 15 particular kind of insurance from a particular company.

6 16 15. "Terminate" means the cancellation of the relationship  
6 17 between an insurance producer and the insurer or the  
6 18 termination of an insurance producer's authority to transact  
6 19 insurance.

6 20 16. "Uniform application" means the current version of the  
6 21 national association of insurance commissioners uniform  
6 22 application for resident and nonresident insurance producer  
6 23 licensing.

6 24 17. "Uniform business entity application" means the  
6 25 current version of the national association of insurance  
6 26 commissioners uniform business entity application for resident  
6 27 and nonresident business entities.

6 28 Sec. 16. NEW SECTION. 522B.2 LICENSE REQUIRED.

6 29 1. A person shall not sell, solicit, or negotiate  
6 30 insurance in this state for any line of insurance unless the  
6 31 person is licensed as an insurance producer for that line of  
6 32 insurance as provided in this chapter. A person offering to  
6 33 the public, for a fee or commission, to engage in the business  
6 34 of offering any advice, counsel, or service with respect to  
6 35 the benefits, advantages, or disadvantages promised under any  
7 1 policy of insurance which could be sold in this state must  
7 2 also be licensed as an insurance producer.

7 3 2. a. Except as provided in paragraph "b", this chapter  
7 4 applies to all of the following:

7 5 (1) An attorney licensed to practice law in this state.

7 6 (2) A certified public accountant licensed pursuant to  
7 7 chapter 542C.

7 8 (3) An actuary who is a member in good standing of the  
7 9 American academy of actuaries, the society of actuaries, or  
7 10 the casualty actuarial society.

7 11 (4) A bank trust officer.

7 12 b. Notwithstanding paragraph "a", this chapter does not  
7 13 apply to a person identified in paragraph "a" when, in the  
7 14 course of such person's professional capacity, the person  
7 15 provides information, recommendations, advice, or services  
7 16 relating to the business of insurance, without solicitation of  
7 17 a person.

7 18 3. This section does not prohibit a licensed insurance  
7 19 producer from placing actual or proposed insurance business of  
7 20 the insurance producer's customers or potential customers with  
7 21 other licensed insurance producers if both of the following  
7 22 conditions are met:

7 23 a. The reason for the placement is due to lack of  
7 24 capacity, restrictive markets, or any other legitimate  
7 25 business reason.

7 26 b. The placement of business does not adversely affect the  
7 27 insured customer.

7 28 Sec. 17. NEW SECTION. 522B.3 EXCEPTIONS TO LICENSING.

7 29 1. Nothing in this chapter shall be construed to require  
7 30 an insurer to obtain an insurance producer license. For the  
7 31 purposes of this section, "insurer" does not mean an officer,  
7 32 director, employee, subsidiary, or affiliate of the insurer.

7 33 2. A license as an insurance producer shall not be  
7 34 required of any the following:

7 35 a. An officer, director, or employee of an insurer or of

8 1 an insurance producer, provided that the officer, director, or

8 2 employee does not receive any commission on policies written  
8 3 or sold to insure risks residing, located, or to be performed  
8 4 in this state, and one of the following applies:

8 5 (1) The activities of the officer, director, or employee  
8 6 are executive, administrative, managerial, clerical, or a  
8 7 combination of these, and are only indirectly related to the  
8 8 sale, solicitation, or negotiation of insurance.

8 9 (2) The function of the officer, director, or employee  
8 10 relates to underwriting, loss control, inspection, or the  
8 11 processing, adjusting, investigating, or settling of a claim  
8 12 on a contract of insurance.

8 13 (3) The officer, director, or employee is acting in the  
8 14 capacity of a special agent or agency supervisor assisting  
8 15 insurance producers where the person's activities are limited  
8 16 to providing technical advice and assistance to licensed  
8 17 insurance producers and do not include the sale, solicitation,  
8 18 or negotiation of insurance.

8 19 b. A person who performs any of the following services and  
8 20 who is not paid a commission for the performance of such  
8 21 service:

8 22 (1) Secures and furnishes information for the purpose of  
8 23 group life insurance, group property and casualty insurance,  
8 24 group annuities, group or blanket accident and health  
8 25 insurance.

8 26 (2) Secures and furnishes information for the purpose of  
8 27 enrolling individuals under plans, issuing certificates under  
8 28 plans, or otherwise assisting in administering plans.

8 29 (3) Performs administrative services related to mass  
8 30 marketed property and casualty insurance.

8 31 c. An employer or association, or an officer, director, or  
8 32 employee of such employer or association, or the trustees of  
8 33 an employee trust plan, to the extent that such employer,  
8 34 association, officer, director, employee, or trustee is  
8 35 engaged in the administration or operation of a program of  
9 1 employee benefits for the employer's or association's own  
9 2 employees or the employees of its subsidiaries or affiliates,  
9 3 which program involves the use of insurance issued by an  
9 4 insurer, as long as such employer, association, officer,  
9 5 director, employee, or trustee is not in any manner  
9 6 compensated, directly or indirectly, by the insurer issuing  
9 7 the contracts.

9 8 d. An employee of an insurer, or an organization employed  
9 9 by an insurer, who engages in the inspection, rating, or  
9 10 classification of risks, or in the supervision of the training  
9 11 of insurance producers and who is not individually engaged in  
9 12 the sale, solicitation, or negotiation of insurance.

9 13 e. A person whose activities in this state are limited to  
9 14 advertising without the intent to solicit insurance in this  
9 15 state through communications in printed publications or other  
9 16 forms of electronic mass media whose distribution is not  
9 17 limited to residents of the state, provided that the person  
9 18 does not sell, solicit, or negotiate insurance that would  
9 19 insure risks residing, located, or to be performed in this  
9 20 state.

9 21 f. A person who is not a resident of this state who sells,  
9 22 solicits, or negotiates a contract of insurance for commercial  
9 23 property and casualty risks to an insured with risks located  
9 24 in more than one state insured under that contract, provided  
9 25 that that person is otherwise licensed as an insurance  
9 26 producer to sell, solicit, or negotiate that insurance in the  
9 27 state where the insured maintains its principal place of  
9 28 business and the contract of insurance insures risks located  
9 29 in that state.

9 30 g. A salaried full-time employee who counsels or advises  
9 31 the employee's employer relative to the insurance interests of  
9 32 the employer or of the subsidiaries or business affiliates of  
9 33 the employer, provided that the employee does not sell or

9 34 solicit insurance or receive a commission.

9 35 h. A licensed attorney providing surety bonds incident to  
10 1 the attorney's practice.

10 2 i. A person selling transportation tickets of a common  
10 3 carrier of persons or property when that person also sells, in  
10 4 connection with and related to the transportation ticket, a  
10 5 trip and accident insurance policy or an insurance policy on  
10 6 personal effects being carried as baggage.

10 7 Sec. 18. NEW SECTION. 522B.4 APPLICATION FOR  
10 8 EXAMINATION.

10 9 1. A resident individual applying for an insurance  
10 10 producer license shall pass a written examination unless  
10 11 exempt pursuant to section 522B.8. The examination shall test  
10 12 the knowledge of the individual concerning the lines of  
10 13 authority for which application is made, the duties and  
10 14 responsibilities of an insurance producer, and the insurance  
10 15 laws and regulations of this state. The commissioner shall  
10 16 adopt rules pursuant to chapter 17A related to development and  
10 17 conduct of the examination.

10 18 2. The commissioner may make arrangements, including  
10 19 contracting with an outside testing service or other  
10 20 appropriate entity, for administering examinations and  
10 21 collecting fees.

10 22 3. An individual applying for an examination shall remit a  
10 23 nonrefundable fee as established by rule of the commissioner.

10 24 4. An individual who fails to appear for the examination  
10 25 as scheduled or fails to pass the examination, shall reapply  
10 26 for an examination and remit all required fees and forms  
10 27 before being rescheduled for another examination.

10 28 Sec. 19. NEW SECTION. 522B.5 APPLICATION FOR LICENSE.

10 29 1. A person applying for a resident insurance producer  
10 30 license shall make application to the commissioner on the  
10 31 uniform application and declare under penalty of refusal,  
10 32 suspension, or revocation of the license that the statements  
10 33 made in the application are true, correct, and complete to the  
10 34 best of the individual's knowledge and belief. Before  
10 35 approving the application, the commissioner shall find all of  
11 1 the following:

11 2 a. The individual is at least eighteen years of age.

11 3 b. The individual has not committed any act that is a  
11 4 ground for denial, suspension, or revocation as set forth in  
11 5 section 522B.11.

11 6 c. The individual has paid the license fee of fifty  
11 7 dollars.

11 8 d. The individual has successfully passed the examinations  
11 9 for the lines of authority for which the person has applied.

11 10 e. In order to protect the public interest, the individual  
11 11 has the requisite character and competence to receive a  
11 12 license as an insurance producer.

11 13 2. A business entity acting as an insurance producer may  
11 14 elect to obtain an insurance producer license. Application  
11 15 shall be made using the uniform business entity application.  
11 16 Prior to approving the application, the commissioner shall  
11 17 find both of the following:

11 18 a. The business entity has paid the appropriate fees.

11 19 b. The business entity has designated a licensed producer  
11 20 responsible for the business entity's compliance with the  
11 21 insurance laws and rules of this state.

11 22 3. The commissioner may require any documents reasonably  
11 23 necessary to verify the information contained in an  
11 24 application.

11 25 Sec. 20. NEW SECTION. 522B.6 LICENSE.

11 26 1. A person who meets the requirements of sections 522B.4  
11 27 and 522B.5, unless otherwise denied licensure pursuant to  
11 28 section 522B.11, shall be issued an insurance producer  
11 29 license. An insurance producer license is valid for three  
11 30 years.

11 31 2. An insurance producer may qualify for a license in one  
11 32 or more of the following lines of authority:

11 33 a. Life insurance providing coverage on human lives  
11 34 including benefits of endowment and annuities, and may include  
11 35 benefits in the event of death or dismemberment by accident  
12 1 and benefits for disability income.

12 2 b. Accident and health or sickness insurance providing  
12 3 coverage for sickness, bodily injury, or accidental death, and  
12 4 may include benefits for disability income.

12 5 c. Property insurance providing coverage for the direct or  
12 6 consequential loss or damage to property of any kind.

12 7 d. Casualty insurance providing coverage against legal  
12 8 liability, including that for death, injury, or disability, or  
12 9 damage to real or personal property.

12 10 e. Variable life and variable annuity products insurance  
12 11 providing coverage provided under variable life insurance  
12 12 contracts and variable annuities.

12 13 f. Personal lines property and casualty insurance sold to  
12 14 individuals and families primarily for noncommercial purposes.

12 15 g. Excess and surplus lines insurance provided by certain  
12 16 nonadmitted insurers pursuant to section 515.147.

12 17 h. Credit insurance, including credit life, credit  
12 18 disability, credit property, credit unemployment, involuntary  
12 19 unemployment, mortgage life, mortgage guaranty, mortgage  
12 20 disability, guaranteed automobile protection insurance, and  
12 21 any other form of insurance offered in connection with an  
12 22 extension of credit that is limited to partially or wholly  
12 23 extinguishing a credit obligation and that the commissioner  
12 24 determines should be designated a form of credit insurance.

12 25 i. Any other line of insurance permitted under state law  
12 26 or by rule.

12 27 3. An insurance producer license remains in effect unless  
12 28 revoked or suspended as long as all required fees are paid and  
12 29 continuing education requirements for resident individual  
12 30 insurance producers are met by any applicable due date.

12 31 4. An individual insurance producer who allows the  
12 32 producer's license to lapse, within twelve months from the due  
12 33 date of the renewal fee, may have the same license reinstated  
12 34 without the necessity of passing a written examination upon  
12 35 the payment of a reinstatement fee as specified by rule of the  
13 1 commissioner. Such reinstatement fee shall be in addition to  
13 2 the required renewal fee.

13 3 5. A licensed insurance producer who is unable to comply  
13 4 with license renewal procedures due to military service or  
13 5 some other extenuating circumstance may request a waiver of  
13 6 those procedures. Such insurance producer may also request a  
13 7 waiver of any examination requirement or any other penalty or  
13 8 sanction imposed for failure to comply with renewal  
13 9 procedures.

13 10 6. The license shall contain the licensee's name, address,  
13 11 personal identification number, and the date of issuance, the  
13 12 lines of authority, the expiration date, and any other  
13 13 information the commissioner deems necessary.

13 14 7. A licensee shall inform the commissioner by any means  
13 15 acceptable to the commissioner of a change of address within  
13 16 thirty days of the change. Failure to timely inform the  
13 17 commissioner of a change in legal name or address may result  
13 18 in a penalty as specified in section 522B.17.

13 19 8. In order to assist with the commissioner's duties, the  
13 20 commissioner may contract with a nongovernmental entity,  
13 21 including the national association of insurance commissioners  
13 22 or any affiliate or subsidiary the national association of  
13 23 insurance commissioners oversees, to perform any ministerial  
13 24 functions, including the collection of fees, related to  
13 25 producer licensing, that the commissioner deems appropriate.

13 26 Sec. 21. NEW SECTION. 522B.7 NONRESIDENT LICENSING.

13 27 1. Unless denied licensure pursuant to section 522B.11, a



13 28 nonresident person shall receive a nonresident insurance  
13 29 producer license if all of the following apply:

13 30 a. The person is currently licensed as an insurance  
13 31 producer and is in good standing in the person's home state.

13 32 b. The person has submitted the proper request for  
13 33 licensure and has paid the required fees.

13 34 c. The person has submitted or transmitted to the  
13 35 commissioner the application for licensure that the person  
14 1 submitted to the person's home state, or in lieu of such  
14 2 application, a completed uniform application.

14 3 d. The person's home state awards nonresident insurance  
14 4 producer licenses to residents of this state on the same  
14 5 basis.

14 6 2. The commissioner may verify the insurance producer's  
14 7 licensing status through the producer database.

14 8 3. A nonresident insurance producer who moves from one  
14 9 state to another state or a resident insurance producer who  
14 10 moves from this state to another state shall file a change of  
14 11 address and provide certification from the new resident state  
14 12 within thirty days of the change of legal residence. No fee  
14 13 or license application is required. The certification may be  
14 14 obtained through the producer database.

14 15 4. Notwithstanding any other provision of this chapter, a  
14 16 person licensed as a limited lines insurance producer in the  
14 17 person's home state shall receive a nonresident limited lines  
14 18 insurance producer license, pursuant to subsection 1, granting  
14 19 the same scope of authority as granted under the license  
14 20 issued by such person's home state.

14 21 Sec. 22. NEW SECTION. 522B.8 EXEMPTION FROM EXAMINATION.

14 22 1. An individual who applies for an insurance producer  
14 23 license in this state who was previously licensed for the same  
14 24 lines of authority in another state shall not be required to  
14 25 complete an examination. This exemption is only available if  
14 26 the person is currently licensed in that other state or if the  
14 27 request for licensure is received within ninety days of the  
14 28 cancellation of the applicant's previous license and if the  
14 29 prior state issues a certification that, at the time of  
14 30 cancellation, the applicant was in good standing in that  
14 31 state. The certification may be obtained through the producer  
14 32 database.

14 33 2. A person licensed as an insurance producer in another  
14 34 state who moves to this state shall make application within  
14 35 ninety days of establishing legal residence to become a  
15 1 resident licensee pursuant to section 522B.5. An examination  
15 2 shall not be required of that person to obtain an insurance  
15 3 producer license for any line of authority previously held in  
15 4 the prior state except where the commissioner determines  
15 5 otherwise by regulation.

15 6 Sec. 23. NEW SECTION. 522B.9 ASSUMED NAMES.

15 7 An insurance producer doing business under any name other  
15 8 than the insurance producer's legal name is required to notify  
15 9 the commissioner prior to using the assumed name.

15 10 Sec. 24. NEW SECTION. 522B.10 TEMPORARY LICENSING.

15 11 1. The commissioner may issue a temporary insurance  
15 12 producer license for a period not to exceed one hundred eighty  
15 13 days without requiring an examination if the commissioner  
15 14 deems that the temporary license is necessary for the  
15 15 servicing of an insurance business in the following cases:

15 16 a. To the surviving spouse or court-appointed personal  
15 17 representative of a licensed insurance producer who dies or  
15 18 becomes mentally or physically disabled, to allow adequate  
15 19 time for the sale of the insurance business owned by the  
15 20 insurance producer, for the recovery or return of the  
15 21 insurance producer to the business, or for the training and  
15 22 licensing of new personnel to operate the insurance producer's  
15 23 business.

15 24 b. To a member or employee of a business entity licensed

15 25 as an insurance producer, upon the death or disability of an  
15 26 individual designated in the business entity application or  
15 27 the license.

15 28 c. To the designee of a licensed insurance producer  
15 29 entering active service in the armed forces of the United  
15 30 States.

15 31 d. In any other circumstance where the commissioner deems  
15 32 that the public interest will best be served by the issuance  
15 33 of a temporary license.

15 34 2. The commissioner may by order limit the authority of  
15 35 any temporary licensee in any way deemed necessary to protect  
16 1 insureds and the public. The commissioner may require the  
16 2 temporary licensee to have a suitable sponsor who is a  
16 3 licensed insurance producer or insurer and who assumes  
16 4 responsibility for all acts of the temporary licensee and may  
16 5 impose other similar requirements designed to protect insureds  
16 6 and the public. The commissioner may by order revoke a  
16 7 temporary license if the interest of insureds or the public is  
16 8 endangered. A temporary license shall not continue after the  
16 9 owner or the personal representative disposes of the business.

16 10 Sec. 25. NEW SECTION. 522B.11 LICENSE DENIAL,  
16 11 NONRENEWAL, OR REVOCATION.

16 12 1. The commissioner may place on probation, suspend,  
16 13 revoke, or refuse to issue or renew an insurance producer's  
16 14 license or may levy a civil penalty as provided in section  
16 15 522B.17 for any one or more of the following causes:

16 16 a. Providing incorrect, misleading, incomplete, or  
16 17 materially untrue information in the license application.

16 18 b. Violating any insurance laws, or violating any  
16 19 regulation, subpoena, or order of the commissioner or of a  
16 20 commissioner of another state.

16 21 c. Obtaining or attempting to obtain a license through  
16 22 misrepresentation or fraud.

16 23 d. Improperly withholding, misappropriating, or converting  
16 24 any moneys or properties received in the course of doing  
16 25 insurance business.

16 26 e. Intentionally misrepresenting the terms of an actual or  
16 27 proposed insurance contract or application for insurance.

16 28 f. Having been convicted of a felony.

16 29 g. Having admitted or been found to have committed any  
16 30 unfair insurance trade practice or fraud.

16 31 h. Using fraudulent, coercive, or dishonest practices, or  
16 32 demonstrating incompetence, untrustworthiness, or financial  
16 33 irresponsibility in the conduct of business in this state or  
16 34 elsewhere.

16 35 i. Having an insurance producer license, or its  
17 1 equivalent, denied, suspended, or revoked in any other state,  
17 2 province, district, or territory.

17 3 j. Forging another's name to an application for insurance  
17 4 or to any document related to an insurance transaction.

17 5 k. Improperly using notes or any other reference material  
17 6 to complete an examination for an insurance license.

17 7 l. Knowingly accepting insurance business from an  
17 8 individual who is not licensed.

17 9 m. Failing to comply with an administrative or court order  
17 10 imposing a child support obligation.

17 11 n. Failing to comply with an administrative or court order  
17 12 related to repayment of loans to the college student aid  
17 13 commission.

17 14 o. Failing to pay state income tax or comply with any  
17 15 administrative or court order directing payment of state  
17 16 income tax.

17 17 p. Failing or refusing to cooperate in an investigation by  
17 18 the commissioner.

17 19 2. If the commissioner does not renew a license or denies  
17 20 an application for a license, the commissioner shall notify  
17 21 the applicant or licensee and advise, in writing, the licensee

17 22 or applicant of the reason for the nonrenewal of the license  
17 23 or denial of the application for a license. The licensee or  
17 24 applicant may request a hearing on the nonrenewal or denial.  
17 25 A hearing shall be conducted according to section 507B.6.

17 26 3. The license of a business entity may be suspended,  
17 27 revoked, or refused if the commissioner finds, after hearing,  
17 28 that an individual licensee's violation was known or should  
17 29 have been known by a partner, officer, or manager acting on  
17 30 behalf of the business entity and the violation was not  
17 31 reported to the commissioner and corrective action was not  
17 32 taken.

17 33 4. In addition to, or in lieu of, any applicable denial,  
17 34 suspension, or revocation of a license, a person, after  
17 35 hearing, may be subject to a civil penalty as provided in  
18 1 section 522B.17.

18 2 5. The commissioner may enforce the provisions and impose  
18 3 any penalty or remedy authorized by this chapter and chapter  
18 4 507B against any person who is under investigation for, or  
18 5 charged with, a violation of either chapter even if the  
18 6 person's license has been surrendered or has lapsed by  
18 7 operation of law.

18 8 Sec. 26. NEW SECTION. 522B.12 COMMISSIONS.

18 9 1. An insurer or insurance producer shall not pay a  
18 10 commission, service fee, brokerage, or other valuable  
18 11 consideration to a person for selling, soliciting, or  
18 12 negotiating insurance in this state if that person is required  
18 13 to be licensed under this chapter and is not so licensed.

18 14 2. A person shall not accept a commission, service fee,  
18 15 brokerage, or other valuable consideration for selling,  
18 16 soliciting, or negotiating insurance in this state if that  
18 17 person is required to be licensed under this chapter and is  
18 18 not so licensed.

18 19 3. Renewal or other deferred commissions may be paid to a  
18 20 person for selling, soliciting, or negotiating insurance in  
18 21 this state if the person was required to be licensed under  
18 22 this chapter at the time of the sale, solicitation, or  
18 23 negotiation and was so licensed at that time.

18 24 4. An insurer or insurance producer may pay or assign a  
18 25 commission, service fee, brokerage, or other valuable  
18 26 consideration to an insurance agency or to a person who does  
18 27 not sell, solicit, or negotiate insurance in this state,  
18 28 unless the payment would violate chapter 507B or section  
18 29 515.130.

18 30 Sec. 27. NEW SECTION. 522B.13 APPOINTMENTS.

18 31 1. An individual insurance producer who acts as an agent  
18 32 of an insurer must be appointed by that insurer. An insurance  
18 33 producer who is not acting as an agent of an insurer need not  
18 34 be appointed. A business entity is not required to be  
18 35 appointed.

19 1 2. The appointing insurer, for the purpose of appointing  
19 2 an insurance producer as its agent, shall file, in a format  
19 3 approved by the commissioner, a notice of appointment within  
19 4 thirty days from the date the agency contract is executed or  
19 5 the first insurance application is submitted.

19 6 3. An insurer shall pay an appointment fee, in the amount  
19 7 and method of payment set forth by rule of the commissioner,  
19 8 for each insurance producer appointed by the insurer.

19 9 4. An insurer shall remit a renewal appointment fee in the  
19 10 manner and amount as set forth by rule of the commissioner.

19 11 Sec. 28. NEW SECTION. 522B.14 NOTIFICATION TO  
19 12 COMMISSIONER OF TERMINATION PENALTIES.

19 13 1. An insurer or authorized representative of the insurer  
19 14 that terminates the appointment, employment, contract, or  
19 15 other insurance business relationship with an insurance  
19 16 producer shall notify the commissioner within thirty days  
19 17 following the effective date of the termination, using a  
19 18 format prescribed by the commissioner, if the reason for

19 19 termination is one of the reasons set forth in section  
19 20 522B.11, or the insurer has knowledge the insurance producer  
19 21 was found by a court, government body, or self-regulatory  
19 22 organization authorized by law to have engaged in any of the  
19 23 activities set forth in section 522B.11. Upon request of the  
19 24 commissioner, the insurer or authorized representative of the  
19 25 insurer shall provide additional information, documents,  
19 26 records, or other data pertaining to the termination or  
19 27 activity of the insurance producer.

19 28 2. An insurer or authorized representative of the insurer  
19 29 that terminates the appointment, employment, contract, or  
19 30 other insurance business relationship with an insurance  
19 31 producer for any reason not set forth in section 522B.11,  
19 32 shall notify the commissioner within thirty days following the  
19 33 effective date of the termination, using a format prescribed  
19 34 by the commissioner. Upon request of the commissioner, the  
19 35 insurer shall provide additional information, documents,  
20 1 records, or other data pertaining to the termination.

20 2 3. The insurer or the authorized representative of the  
20 3 insurer shall promptly notify the commissioner using a format  
20 4 prescribed by the commissioner, if, upon further review or  
20 5 investigation, the insurer or authorized representative of the  
20 6 insurer discovers additional information that would have been  
20 7 reportable to the commissioner pursuant to subsection 1, had  
20 8 the insurer then known of its existence.

20 9 4. Within fifteen days after making the notification  
20 10 required by this section, the insurer shall mail a copy of the  
20 11 notification to the insurance producer at the insurance  
20 12 producer's last known address. If the insurance producer is  
20 13 terminated for any of the reasons set forth in section  
20 14 522B.11, the insurer shall provide a copy of the notification  
20 15 to the insurance producer at the insurance producer's last  
20 16 known address by restricted certified mail, as defined in  
20 17 section 618.15, or by overnight delivery using a nationally  
20 18 recognized carrier.

20 19 5. Within thirty days after the insurance producer has  
20 20 received the original or additional notification, the  
20 21 insurance producer may file written comments concerning the  
20 22 substance of the notification with the commissioner. The  
20 23 insurance producer, by the same means, shall simultaneously  
20 24 send a copy of the comments to the reporting insurer, and the  
20 25 comments shall become a part of the commissioner's record and  
20 26 accompany every copy of a report distributed or disclosed for  
20 27 any reason about the insurance producer, as permitted under  
20 28 subsection 8.

20 29 6. In the absence of actual malice, an insurer, the  
20 30 authorized representative of the insurer, an insurance  
20 31 producer, the commissioner, or an organization of which the  
20 32 commissioner is a member and that compiles the information and  
20 33 makes it available to other commissioners or regulatory or law  
20 34 enforcement agencies shall not be subject to civil liability.  
20 35 A civil cause of action of any nature shall not arise against  
21 1 any of these entities or their respective agents or employees,  
21 2 as a result of any statement or information required by or  
21 3 provided pursuant to this section or any information relating  
21 4 to any statement that may be requested in writing by the  
21 5 commissioner from an insurer or insurance producer; or a  
21 6 statement by a terminating insurer or insurance producer to an  
21 7 insurer or insurance producer limited solely and exclusively  
21 8 to whether a termination for cause under subsection 1 was  
21 9 reported to the commissioner, provided that the propriety of  
21 10 any termination for cause under subsection 1 is certified in  
21 11 writing by an officer or authorized representative of the  
21 12 insurer or insurance producer terminating the relationship.

21 13 In any action brought against a person that may have  
21 14 immunity under this section for making any statement required  
21 15 by this section or providing any information relating to any

21 16 statement that may be requested by the commissioner, the party  
21 17 bringing the action shall plead specifically in any allegation  
21 18 that this section does not apply because the person making the  
21 19 statement or providing the information did so with actual  
21 20 malice. This section shall not abrogate or modify any  
21 21 existing statutory or common law privileges or immunities.

21 22 7. Any document, material, or other information in the  
21 23 control or possession of the insurance division that is  
21 24 furnished by an insurer, insurance producer, or an employee or  
21 25 agent of such insurer or insurance producer acting on behalf  
21 26 of the insurer or insurance producer, or obtained by the  
21 27 commissioner in an investigation pursuant to this section are  
21 28 considered confidential records and shall not be subject to  
21 29 subpoena, or subject to discovery, or admissible in evidence  
21 30 in any private civil action. However, the commissioner is  
21 31 authorized to use such document, material, or other  
21 32 information in the furtherance of any regulatory or legal  
21 33 action brought as a part of the commissioner's duties.

21 34 Neither the commissioner nor any person who received any  
21 35 document, material, or other information while acting under  
22 1 the authority of the commissioner shall be permitted or  
22 2 required to testify in any private civil action concerning any  
22 3 confidential document, material, or information subject to  
22 4 this section.

22 5 8. The commissioner may share documents, materials, or  
22 6 other information, including the confidential and privileged  
22 7 documents, materials, or information subject to subsection 7  
22 8 with other state, federal, and international regulatory  
22 9 agencies, with the national association of insurance  
22 10 commissioners, its affiliates or subsidiaries, and with state,  
22 11 federal, and international law enforcement authorities,  
22 12 provided that the recipient agrees to maintain the  
22 13 confidentiality and privileged status of the document,  
22 14 material, or other information.

22 15 The commissioner may receive documents, materials, or  
22 16 information, including otherwise confidential and privileged  
22 17 documents, materials, or information, from the national  
22 18 association of insurance commissioners, its affiliates or  
22 19 subsidiaries, and from regulatory and law enforcement  
22 20 officials of other foreign or domestic jurisdictions, and  
22 21 shall maintain as confidential or privileged any document,  
22 22 material, or information received with notice or the  
22 23 understanding that it is confidential or privileged under the  
22 24 laws of the jurisdiction that is the source of the document,  
22 25 material, or information.

22 26 The commissioner may enter into agreements governing  
22 27 sharing and use of information consistent with this  
22 28 subsection.

22 29 9. A waiver of any applicable privilege or claim of  
22 30 confidentiality in the documents, materials, or information  
22 31 shall not occur as a result of disclosure to the commissioner  
22 32 or sharing of information received under this section.

22 33 10. Nothing in this chapter shall prohibit the  
22 34 commissioner from releasing information regarding final,  
22 35 adjudicated actions that are considered public records subject  
23 1 to examination and copying under chapter 22 to a database or  
23 2 other clearinghouse service maintained by the national  
23 3 association of insurance commissioners, or an affiliate or  
23 4 subsidiary of the national association of insurance  
23 5 commissioners.

23 6 11. An insurer, the authorized representative of the  
23 7 insurer, or an insurance producer that fails to report as  
23 8 required under this section, or that is found to have reported  
23 9 with actual malice by a court of competent jurisdiction, after  
23 10 notice and hearing, may have its license or certificate of  
23 11 authority suspended or revoked and may be fined as provided in  
23 12 section 522B.17.

23 13 Sec. 29. NEW SECTION. 522B.15 RECIPROCITY.

23 14 1. The commissioner shall waive any requirements for a  
23 15 nonresident license applicant with a valid license from such  
23 16 applicant's home state, except for the requirements imposed by  
23 17 section 522B.7, if the applicant's home state awards  
23 18 nonresident licenses to residents of this state on the same  
23 19 basis.

23 20 2. A nonresident insurance producer's satisfaction of the  
23 21 producer's home state's continuing education requirements for  
23 22 licensed insurance producers shall constitute satisfaction of  
23 23 this state's continuing education requirements if the  
23 24 nonresident insurance producer's home state recognizes the  
23 25 satisfaction of its continuing education requirements imposed  
23 26 upon insurance producers from this state on the same basis.

23 27 Sec. 30. NEW SECTION. 522B.16 REPORTING OF ACTIONS.

23 28 An insurance producer shall report to the commissioner any  
23 29 administrative action taken against the insurance producer in  
23 30 another jurisdiction or by another governmental agency in this  
23 31 state within thirty days of the final disposition of the  
23 32 matter. This report shall include a copy of the order,  
23 33 consent to the order, or other relevant legal documents.

23 34 Within thirty days of the initial pretrial hearing date, an  
23 35 insurance producer shall report to the commissioner any  
24 1 criminal prosecution of the insurance producer taken in any  
24 2 jurisdiction. The report shall include a copy of the initial  
24 3 complaint filed, the order resulting from the hearing, and any  
24 4 other relevant legal documents.

24 5 Sec. 31. NEW SECTION. 522B.17 PENALTY.

24 6 An insurer or insurance producer who, after hearing, is  
24 7 found to have violated this chapter may be assessed a civil  
24 8 penalty pursuant to chapter 507B.

24 9 A person found, after hearing, to have acted as an agent of  
24 10 an insurer or otherwise selling, soliciting, or negotiating  
24 11 insurance in this state, or offering to the public advice,  
24 12 counsel, or services with regard to insurance who is not  
24 13 properly licensed is subject to penalty according to the  
24 14 provisions of chapter 507A.

24 15 Sec. 32. NEW SECTION. 522B.18 RULES.

24 16 The commissioner may adopt reasonable rules according to  
24 17 chapter 17A as are necessary or proper to carry out the  
24 18 purposes of this chapter.

24 19 Sec. 33. Section [536.26](#), unnumbered paragraph 1, Code  
24 20 2001, is amended to read as follows:

24 21 A licensee shall not, directly or indirectly, sell or offer  
24 22 for sale any life, or accident and health insurance in  
24 23 connection with a loan made under this chapter except as and  
24 24 to the extent authorized by this section. Life, accident and  
24 25 health insurance, or any of them, may be written by a licensed  
24 26 insurance

~~—agent~~

— producer upon or in connection with any loan

24 27 for a term not extending beyond the final maturity date of the  
24 28 loan contract but only upon one obligor on any one loan  
24 29 contract.

24 30 Sec. 34. Section [536A.23](#), subsection 3, Code 2001, is  
24 31 amended to read as follows:

24 32 3. Require any borrower to purchase insurance from the  
24 33 lender as a condition for obtaining a loan. However, an  
24 34 industrial loan company may collect from the borrower, at the  
24 35 option of the borrower, and transmit the premiums charged for  
25 1 insuring real or personal property used by the borrower as  
25 2 security for a loan and provided that such insurance is  
25 3 obtained from a licensed insurance

~~—agent~~

— producer for an

25 4 insurance company authorized to do business in Iowa; and the  
25 5 premiums charged for insuring the life of one party on the  
25 6 loan in an amount not to exceed the total amount of the note  
25 7 or contract, including cash advance, interest and service  
25 8 charge, provided that no licensee shall require that the  
25 9 contract of life insurance be outstanding for more than the  
25 10 unpaid balance of the indebtedness and provided that such  
25 11 insurance is obtained from a licensed insurance

~~agent~~

- producer

25 12 for an insurance company authorized to do business in Iowa;  
25 13 and an industrial loan company may receive and transmit the  
25 14 premiums charged for accident and health insurance on the  
25 15 borrower, provided such insurance bears a reasonable  
25 16 relationship to the existing hazards or risk of loss, and the  
25 17 aggregate benefits of which shall not exceed the approximate  
25 18 amount of the contractual payments on the loan outstanding at  
25 19 the time of loss, and provided that such insurance is obtained  
25 20 from a licensed

~~agent~~

- producer for an insurance company

25 21 authorized to do business in Iowa. However, all life  
25 22 insurance rates in connection with industrial loans shall be  
25 23 subject to the rules and regulations of the insurance  
25 24 commissioner of the state of Iowa.

25 25 Sec. 35. Section [537.3207](#), Code 2001, is amended to read  
25 26 as follows:

25 27 537.3207 FORM OF INSURANCE PREMIUM LOAN AGREEMENT.

25 28 An agreement pursuant to which an insurance premium loan is  
25 29 made shall contain the names of the insurance

~~agent or broker~~

25 30 producer negotiating each policy or contract and of the  
25 31 insurer issuing each policy or contract, the number and  
25 32 inception date of, and premium for, each policy or contract,  
25 33 the date on which the term of the loan begins, and a clear and  
25 34 conspicuous notice that each policy or contract may be  
25 35 canceled if payment is not made in accordance with the  
26 1 agreement. If a policy or contract has not been issued when  
26 2 the agreement is signed, the agreement may provide that the  
26 3 insurance

~~agent or broker~~

- producer may insert the appropriate

26 4 information in the agreement and, if they do so, shall furnish  
26 5 the information promptly in writing to the insured.

26 6 Sec. 36.

26 7 1. Sections 512B.31, 515.123, 515.124, and 515.126, Code  
26 8 2001, are repealed.

26 9 2. Chapter 522, Code 2001, is repealed.

26 10 3. Chapter 523F, Code 2001, is repealed.

26 11 Sec. 37. EFFECTIVE DATE. This Act takes effect January 1,  
26 12 2002.

26 13 EXPLANATION

26 14 This bill creates new Code chapter 522B, relating to the  
26 15 licensing of persons acting as insurance producers, and makes  
26 16 certain changes to other statutes that relate to insurance  
26 17 producers and agents. The bill takes effect January 1, 2002.

26 18 New Code section 522B.1 provides definitions for the new  
26 19 chapter, including "business entity", "commissioner", "home  
26 20 state", "insurance", "insurance producer", "insurer",  
26 21 "license", "limited lines insurance", "limited lines  
26 22 producer", "negotiate", "person", "producer database", "sell",  
26 23 "solicit", "terminate", "uniform application", and "uniform

26 24 business entity application".

26 25 The bill creates new Code section 522B.2, which requires a  
26 26 person to obtain a license as an insurance producer for any  
26 27 line of insurance the person sells, solicits, or negotiates in  
26 28 this state. A person who, for a fee, offers advice, counsel,  
26 29 or service, with respect to the benefits, advantages, or  
26 30 disadvantages promised under any policy of insurance that  
26 31 could be sold in this state, must also be licensed as an  
26 32 insurance producer. The bill states that it applies to  
26 33 attorneys, certified public accountants, actuaries, and bank  
26 34 trust officers, except as specifically excluded under  
26 35 circumstances described in the new Code section. Code section  
27 1 522B.1 states that Code chapter 522B does not apply to one of  
27 2 the four preceding categories of professionals when the person  
27 3 provides the services without attempting to sell an insurance  
27 4 product or urging a person to apply for a particular kind of  
27 5 insurance from a particular company.

27 6 New Code section 522B.2 states that it does not prohibit a  
27 7 licensed insurance producer from placing insurance business  
27 8 with other licensed insurance producers if both (1) the reason  
27 9 for the placement is due to the lack of capacity, restrictive  
27 10 markets, or any other legitimate business reason; and (2) the  
27 11 placement of business does not adversely affect the insured.

27 12 New Code section 522B.3 addresses exceptions to licensing  
27 13 requirements. The bill states that nothing in the chapter  
27 14 should be construed to require an insurer to obtain an insurer  
27 15 producer license, and does not require an insurance producer  
27 16 license for any of the following: (1) an officer, director,  
27 17 or employee of an insurer or insurance producer who does not  
27 18 receive any commission on policies written or sold, and who is  
27 19 not involved in the sale of insurance, in one of the specific  
27 20 ways provided by the bill; (2) a person who, without receiving  
27 21 a commission, performs certain services related to group  
27 22 insurance or the administration of insurance plans or mass-  
27 23 marketed property and casualty insurance; (3) an employer or  
27 24 association, including certain persons affiliated with the  
27 25 employer or association, to the extent that the employer,  
27 26 association, or other person is administering an employee  
27 27 benefits program provided that the employer, association, or  
27 28 other person is not compensated by the insurer responsible for  
27 29 the insurance used in the employee benefits program; (4) an  
27 30 employee of an insurer who is involved in inspection, rating,  
27 31 classification of risks, or in the supervision of the training  
27 32 of insurance producers, and who is not involved in the sale or  
27 33 negotiation of insurance; (5) a person who only advertises in  
27 34 printed or electronic mass media not limited in distribution  
27 35 to this state, provided that the person does not sell or  
28 1 negotiate insurance related to risks in this state; (6) a  
28 2 nonresident who sells or negotiates insurance for commercial  
28 3 property and casualty risks with an insured who has risks in  
28 4 more than one state covered under that contract, provided that  
28 5 the person is licensed as an insurance producer in the state  
28 6 where the insured maintains its principal place of business,  
28 7 and the contract insures risks in that state; (7) a full-time  
28 8 employee who advises the employee's employer on insurance for  
28 9 the employer, and who does not sell insurance or receive a  
28 10 commission; (8) a licensed attorney providing surety bonds  
28 11 incident to the attorney's practice; and (9) a person selling  
28 12 accident or baggage insurance in connection with a ticket for  
28 13 transportation on a common carrier.

28 14 New Code section 522B.4 provides that an applicant for an  
28 15 insurance producer license must pass a written examination,  
28 16 unless previously licensed in another jurisdiction, as  
28 17 provided in new Code section 522B.8. The commissioner is  
28 18 authorized to adopt rules related to development and conduct  
28 19 of the examination, and may make arrangements for  
28 20 administering examinations and collecting fees. A person



28 21 applying for the examination shall remit a nonrefundable fee,  
28 22 and must reapply for the examination if the person fails to  
28 23 appear, pass, or remit all required fees and forms.

28 24 New Code section 522B.5 provides that a person applying for  
28 25 a resident insurance producer license must be at least 18, has  
28 26 not committed any act that is a ground for denial, suspension,  
28 27 or revocation as set forth in new Code section 522B.11, paid a  
28 28 \$50 license fee, has passed the examinations for the lines for  
28 29 which the person has applied, and has the requisite character  
28 30 and competence to receive a license as an insurance producer.  
28 31 The person shall complete the application declaring that the  
28 32 information contained within is true and complete to the best  
28 33 of the individual's knowledge, subject to the penalty of  
28 34 refusal, suspension, or revocation of the license. A business  
28 35 entity may also obtain an insurance producer license, by  
29 1 completing an application, paying the appropriate fees, and  
29 2 designating a licensed producer as responsible for the  
29 3 entity's compliance with state insurance laws and rules.

29 4 New Code section 522B.6 provides that a person who meets  
29 5 the requirements for licensure shall be issued a license that  
29 6 is valid for three years, and so long as it is not suspended  
29 7 or revoked, remains in effect as long as all required fees are  
29 8 paid and continuing education requirements are met. Special  
29 9 provisions apply for late renewals and renewals affected by  
29 10 military service. The licensee must inform the commissioner  
29 11 of a change of address within 30 days, or be subject to  
29 12 penalty. The commissioner may contract with a nongovernmental  
29 13 entity to perform ministerial functions related to the  
29 14 licensing procedures.

29 15 An insurance producer may qualify for a license in one or  
29 16 more of the following lines of authority: (1) life, including  
29 17 endowments, annuities, accident, and death benefits; (2)  
29 18 accident and health or sickness insurance, including bodily  
29 19 injury, accidental death, and disability; (3) property; (4)  
29 20 casualty, including death, injury, disability, or damage to  
29 21 property; (5) variable life and variable annuity products; (6)  
29 22 personal lines property and casualty insurance sold to  
29 23 individuals and families primarily for noncommercial purposes;  
29 24 (7) excess and surplus lines insurance provided by certain  
29 25 nonadmitted insurers; (8) credit insurance, including credit  
29 26 life, disability, property, unemployment, mortgage life,  
29 27 mortgage guarantee, mortgage disability, and guaranteed  
29 28 automobile protection insurance; and (9) any other line of  
29 29 insurance permitted under state law or by rule.

29 30 New Code section 522B.7 relates to licensing for  
29 31 nonresidents. A nonresident producer license is issued if the  
29 32 person is licensed in good standing in the person's home  
29 33 state, has submitted the request and paid the fees for  
29 34 licensure, has submitted the application submitted in the  
29 35 person's home state or a uniform application, and the person's  
30 1 home state awards nonresident licenses on the same basis. A  
30 2 nonresident who moves to another state is required to submit a  
30 3 change of address within 30 days of the change.  
30 4 Notwithstanding any other provision of the chapter, a person  
30 5 licensed as a limited lines producer in the person's home  
30 6 state shall receive a nonresident limited lines insurance  
30 7 producer license granting the same scope of authority as in  
30 8 the home state, upon application and payment of fees as  
30 9 previously described.

30 10 New Code section 522B.8 provides that an individual who was  
30 11 previously licensed for the same lines of authority in another  
30 12 state shall not be required to complete an examination, if the  
30 13 person is currently licensed in the other state or if the  
30 14 request for licensure is within 90 days of cancellation and  
30 15 the applicant was in good standing. Application to become a  
30 16 resident licensee in this state must be made within 90 days of  
30 17 establishing legal residency.

30 18 New Code section 522B.9 requires an insurance producer  
30 19 doing business under any name other than the insurance  
30 20 producer's legal name to notify the commissioner prior to  
30 21 using the assumed name.

30 22 New Code section 522B.10 allows the commissioner to issue a  
30 23 temporary insurance producer license for up to 180 days  
30 24 without an examination if necessary in the following cases:  
30 25 (1) to a surviving spouse or court-appointed personal  
30 26 representative of a licensed insurance producer who dies or  
30 27 becomes physically or mentally disabled, to allow time for the  
30 28 sale of the business, recovery of the insurance producer, or  
30 29 training and licensing of new personnel; (2) to a member or  
30 30 employee of a business entity licensed as an insurance  
30 31 producer, upon the death or disability of an individual  
30 32 designated in the business entity application; (3) to the  
30 33 designee of a licensed insurance producer entering active  
30 34 military service; and (4) in any other circumstance where the  
30 35 commissioner deems the public interest will be best served by  
31 1 the issuance of a temporary license. The commissioner may by  
31 2 order limit the authority of a temporary licensee as necessary  
31 3 to protect insureds and the public, and may require the  
31 4 temporary licensee to have a sponsor who assumes  
31 5 responsibility for all acts of the temporary licensee. The  
31 6 commissioner may also revoke a temporary license if the public  
31 7 interest or that of insureds is endangered.

31 8 New Code section 522B.11 addresses denial, nonrenewal, and  
31 9 revocation of licenses. The commissioner may place on  
31 10 probation, suspend, revoke, or refuse to issue or renew a  
31 11 license or may levy a civil penalty for one or more of the  
31 12 following: (1) providing incorrect, misleading, incomplete,  
31 13 or materially untrue information in the license application;  
31 14 (2) violating any insurance laws, or any regulation, subpoena,  
31 15 or order of the commissioner of this or another state; (3)  
31 16 obtaining or attempting to obtain a license through  
31 17 misrepresentation or fraud; (4) improperly withholding,  
31 18 misappropriating, or converting any moneys or properties  
31 19 received in the course of doing insurance business; (5)  
31 20 intentionally misrepresenting the terms of an actual or  
31 21 proposed insurance contract or application for insurance; (6)  
31 22 having been convicted of a felony; (7) having admitted or been  
31 23 found to have committed any unfair insurance trade practice or  
31 24 fraud; (8) using fraudulent, coercive, or dishonest practices,  
31 25 or demonstrating incompetence, untrustworthiness, or financial  
31 26 irresponsibility in the conduct of business in this state or  
31 27 elsewhere; (9) having an insurance producer license or its  
31 28 equivalent denied, suspended, or revoked in any other state,  
31 29 province, district, or territory; (10) forging another's name  
31 30 to an application for insurance or to any document related to  
31 31 an insurance transaction; (11) improperly using notes or any  
31 32 other reference material to complete an examination for an  
31 33 insurance license; (12) knowingly accepting insurance business  
31 34 from an individual who is not licensed; (13) failing to comply  
31 35 with an administrative or court order imposing a child support  
32 1 obligation; (14) failing to comply with an administrative or  
32 2 court order related to repayment of loans to the college  
32 3 student aid commission; (15) failing to pay state income tax  
32 4 or comply with any administrative or court order directing  
32 5 payment of state income tax; and (16) failing or refusing to  
32 6 cooperate in an investigation by the commissioner.

32 7 The commissioner shall notify a person in writing of the  
32 8 reason for the nonrenewal of the license or denial of the  
32 9 application. The licensee or applicant may request a hearing.  
32 10 The license of business entity may be suspended, revoked, or  
32 11 refused if the commissioner finds, after hearing, that an  
32 12 individual licensee's violation was known or should have been  
32 13 known and was not reported to the commissioner, and corrective  
32 14 action was not taken. A person may also be subject to civil

32 15 penalty.

32 16 New Code section 522B.12 addresses commissions, and  
32 17 provides that an insurer or producer shall not pay a  
32 18 commission or other consideration for selling insurance if a  
32 19 person is required to be licensed and is not licensed. A  
32 20 person is prohibited from accepting a commission for selling  
32 21 insurance if the person is required to be licensed and is not  
32 22 licensed. Renewal commissions can be paid if the person was  
32 23 licensed at the time of the sale. An insurer or producer may  
32 24 assign a commission to an insurance agency or to a person who  
32 25 does not sell insurance, unless the payment would violate Code  
32 26 chapter 507B, insurance trade practices, or Code section  
32 27 515.130, relating to prohibited rebates.

32 28 New Code section 522B.13 requires that an insurance  
32 29 producer who acts as an agent of an insurer must be appointed  
32 30 by that insurer. A business entity is not required to be  
32 31 appointed. The appointing insurer must file a notice of  
32 32 appointment within 30 days from the date of the agency  
32 33 contract, and shall pay an appointment fee and renewal  
32 34 appointment fees for each insurance producer appointed.

32 35 New Code section 522B.14 requires an insurer that  
33 1 terminates the appointment relationship with an insurance  
33 2 producer to notify the commissioner within 30 days of the  
33 3 effective date of the termination. The insurer may be  
33 4 obligated to report certain other information known about the  
33 5 producer to the commissioner. The insurance producer may file  
33 6 written comments concerning the substance of the insurer's  
33 7 notification, which shall become part of the commissioner's  
33 8 record. The bill provides that a civil cause of action shall  
33 9 not arise against the regulatory and enforcement agencies in  
33 10 the absence of actual malice as a result of any statement of  
33 11 information provided pursuant to this Code section. An  
33 12 insurer or producer that fails to report as required, or is  
33 13 found to have reported with actual malice by a court, may have  
33 14 its license or certificate of authority revoked after notice  
33 15 and hearing, or may be fined.

33 16 Documents and other information in the possession of the  
33 17 insurance division are considered confidential records not  
33 18 subject to subpoena or civil discovery, and the commissioner  
33 19 and other persons who received the documents and other  
33 20 information are not required to testify in any civil action.  
33 21 The commissioner may share documents and other information  
33 22 with other state and federal regulatory agencies, law  
33 23 enforcement authorities, and the national association of  
33 24 insurance commissioners, provided that confidentiality is  
33 25 maintained. Waiver shall not occur as a result of any  
33 26 disclosure.

33 27 New Code section 522B.15 addresses reciprocity requirements  
33 28 for license applicants holding licenses in another state,  
33 29 including when continuing education requirements are  
33 30 considered satisfied.

33 31 New Code section 522B.16 requires an insurance producer to  
33 32 report to the commissioner any administrative action taken  
33 33 against the producer in another jurisdiction or by another  
33 34 governmental agency, within 30 days of the final disposition.  
33 35 The report must include a copy of the order and other relevant  
34 1 legal documents. The producer must report any criminal  
34 2 prosecution within 30 days of the initial pretrial hearing  
34 3 date, including any complaint filed and any other relevant  
34 4 legal documents.

34 5 New Code section 522B.17 provides that an insurer or  
34 6 producer who after hearing is found to have violated Code  
34 7 chapter 522B may be assessed a civil penalty pursuant to Code  
34 8 chapter 507B. A person who sells insurance without proper  
34 9 licensing is subject to penalty according to the provisions of  
34 10 Code chapter 507A, which provides for cease and desist orders  
34 11 and civil penalties for violations of those orders.

34 12 New Code section 522B.18 provides that the commissioner may  
34 13 adopt rules as necessary to carry out the purposes of the  
34 14 chapter.  
34 15 The following Code sections are repealed: Code section  
34 16 512B.31, relating to the licensing of agents; and Code  
34 17 sections 515.123, 515.124, and 515.126, relating to various  
34 18 definitions pertaining to agents.  
34 19 The bill also repeals Code chapter 522, relating to the  
34 20 licensing of agents; and Code chapter 523F, relating to legal  
34 21 expense insurance.  
34 22 The following Code sections contain technical,  
34 23 corresponding amendments related to the enactment of new Code  
34 24 chapter 522B and repeal of Code chapter 522, and change in  
34 25 terminology from "insurance agent" to "insurance producer":  
34 26 272C.1, 272C.3, 272C.4, 422.45, 505.102, 502.304, 508A.5,  
34 27 514B,19, 515.125, 516A.1, 521A.2, 522A.3, 523H.1, 536.26,  
34 28 536A.23, and 537.3207.  
34 29 LSB 1074DP 79  
34 30 jj/cls/14